

Message Text

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73

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

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FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6332

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION GENEVA

USMISSION OECD PARIS

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PASS AGRICULTURE

E.O. 11652: NA

TAGS: EAGR, EEC

SUBJECT: EC SOFT WHEAT BALANCE 1973/74

REF: TOFAS 205 OF 12/27/73

1. FOLLOWING ARE TENTATIVE MISSION ESTIMATES OF THE EC'S SOFT WHEAT SITUATION DURING THE CURRENT CROP YEAR. THESE ESTIMATES ARE BASED ON COMMISSION PROJECTIONS MADE ON JANUARY 17, 1974, BUT DIFFER FROM THEM IN CERTAIN IMPORTANT RESPECTS.

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2. EC SOFT WHEAT BALANCE.

(000 MT)

A. PRODUCTION	38,089
B. BEGINNING STOCKS	4,447
C. IMPORTS	4,572
D. TOTAL SUPPLY	47,108
E. FARM UTILIZATION	7,288
F. WHEAT MARKETED FOR FOOD AND	
FEED EXCEPT DENATURING	22,692
G. DENATURING	4,500
H. NORMAL END STOCKS	4,359
I. AVAILABLE FOR EXPORTS	8,269
J. TOTAL UTILIZATION	47,108

3. ALL OF THE FOREGOING DATA ARE BASED ON THE MOST RECENT COMMISSION ESTIMATES EXCEPT THOSE GIVEN FOR DENATURING (POINT G) AND FOR EXPORT AVAILABILITIES (POINT I). THE COMMISSION ASSUMED IN ITS MOST RECENT ESTIMATE THAT DURING THE WHOLE 1973/74 CROP YEAR 6.129 MILLION MT WOULD BE DENATURED. HOWEVER, SINCE THE COMMISSION HAS DECIDED TO ABOLISH THE DENATURING PREMIUM EFFECTIVE FEBRUARY 10, 1974, THE AMOUNT DENATURED WILL BE CONSIDERABLY LESS. ACCORDING TO COMMISSION ESTIMATES, 3.6 MILLION TONS OF SOFT WHEAT HAVE BEEN DENATURED BY DECEMBER 31, 1973. WE ASSUME, THEREFORE, THAT ANOTHER 900 THOUSAND TONS OF SOFT WHEAT WILL BE DENATURED BETWEEN JANUARY 1, 1974 AND FEBRUARY 10, 1974. ON THIS ASSUMPTION, THE TOTAL WHEAT DENATURED IN THE COURSE OF THIS CROP YEAR WOULD BE 4.5 MILLION TONS.

4. ON THE BASIS OF OUR ESTIMATE ON DENATURING AND THE OTHER DATA IN THE GRAIN BALANCE, SOME 8.269 MILLION TONS OF WHEAT WOULD BE AVAILABLE FOR EXPORTS THROUGHOUT THE WHOLE OF THE 1973/74 CROP YEAR. THESE ESTIMATED EXPORT AVAILABILITIES EXCEED THE COMMISSION ESTIMATES OF BETWEEN 5.0 TO 6.5 MILLION MT OF WHEAT TO BE EXPORTED DURING THE CROP YEAR.

5. THE DIFFERENCE BETWEEN THE COMMISSION'S ESTIMATE OF EXPORTS OF 5.0 TO 6.5 MILLION TONS AND OUR ESTIMATE OF LIMITED OFFICIAL USE

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8.269 MILLION TONS MAY BE EXPLAINED AS FOLLOWS: ON THE ONE HAND, THE COMMISSION ANTICIPATES THAT EVEN AFTER THE ABOLITION OF THE DENATURING PREMIUM, WHEAT WILL BE USED AS FEED, IF FEED GRAIN PRICES RISE CLOSE TO THE LEVEL OF WHEAT PRICES. ON THE OTHER HAND, THE COMMISSION, APPARENTLY UNDER STRONG PRESSURE FROM THE MEMBER STATES, SEEMS TO BE RESTRAINING EXPORTS. THE COMMISSION'S INTENTION TO SLOW DOWN EXPORTS IS EVIDENCED BY THE FACT THAT UNDER THE EXPORT

LEVY TENDER SYSTEM LESS THAN 130,000 MT HAVE BEEN
ALLOCATED IN THE PAST THREE WEEKS AND THAT THE COMMISSION
APPARENTLY DOES NOT INTEND TO INCREASE IN THE NEAR FUTURE THE
TOTAL QUANTITY OF WHEAT TO BE EXPORTED UNDER THIS SYSTEM
BEYOND THE 200,000 MT ORIGINALLY DECIDED. GREENWALD

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